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**AFGHANISTAN**

## SNAPSHOT

# Nurturing the Seed Industry

**USAID's credit project is supporting the growth of Afghanistan's seed industry**



PHOTO: USAID/ACE Project

*A farmer inspects the wheat seed after delivery from a member of the Afghanistan National Seed Organization.*

**More than 3,000 growers will now receive payments upon delivery as a result of a USAID agricultural credit project.**

Traditionally, seed producers deliver wheat seed to seed companies from May to July. However, they do not receive payment until February, which constitutes an economic disincentive and prevents seed producers from purchasing the appropriate quantities of inputs for the fall planting season.

Addressing this concern, USAID provided a \$4.95 million line of credit to the Afghanistan National Seed Organization. The funds will enable most of the 93 seed companies--members of the organization--to pay their contract seed producers upon delivery, as opposed to the common practice of seven months later. This summer, more than 50 agribusinesses and 3,000 wheat seed producers will have access to credit through USAID's agricultural credit project.

By bridging this gap, the loan introduced an incentive for seed growers to participate in contract production with seed companies, while allowing them to procure the inputs required for the production process.

The loan will finance the purchase of approximately 10,000 metric tons of seed to plant 430,000 jeribs of land (around 210,000 acres). The planted seed will provide local markets with approximately 170,000 metric tons of grain that will feed more than one million Afghans nationwide.

"This loan will help us pay more than 3,000 seed growers on time, bridging a seven month gap. This is the first step toward making certified wheat seed production an attractive business," said Saidajan Abdiani, president of the Afghanistan National Seed Organization.

By providing financial services to strategic industries, USAID is supporting the growth of rural economies, while contributing to the country's self food reliance.

USAID established the Agricultural Development Fund with a \$100 million grant to the Government of Afghanistan. During the first four years of the project, USAID will also provide technical assistance to the Afghan government to manage the fund.